

**MISSOURI STATE BOARD OF EDUCATION AGENDA ITEM:****March 2010****REPORT ON THE MISSOURI SCHOOLS FOR THE BLIND AND DEAF OPERATIONS  
TASK FORCE****STATUTORY AUTHORITY:**

Section 162.685, 162. 730 RSMo

☐Consent  
Item☐Action  
Item☒Report  
Item**COMMISSIONER'S GOAL NO. 1 and 4:**

Missouri students will rank in the top 10 as measured by the National Assessment of Educational Progress (NAEP) and other national and international measures of accountability.

The Department of Elementary and Secondary Education will create statewide knowledge of and respect for public education through improved departmental efficiency, operational effectiveness and positive relationships with external constituencies as measured by key management benchmarks and constituent surveys.

**SUMMARY:**

Commissioner Nicaastro convened a Task Force chaired by Dr. John B. Heskett to consider budget options for and the impact on the delivery of services at the Missouri School for the Blind (MSB) and the Missouri School for the Deaf (MSD). Given the severe fiscal issues faced by Missouri and projected stresses in the next fiscal year, the Commissioner charged the Task Force to:

1. Use findings of previous studies conducted for MSB and MSD to expedite and inform the work of the Task Force;
2. Make recommendations about changes or modifications to delivery models or other factors that would ensure quality educational services while providing significant cost savings; and,
3. Make recommendations for changes or additions to the law required by the recommendations.

Dr. Heskett will provide insight into the work of the Task Force and will share the options considered and the rationale for the resulting recommendations. A copy of the report drafted and submitted by Dr. Heskett and the Task Force is attached.

The recommendations for decreased costs include:

1. Budget cuts yielding approximately \$400,000.
2. Transfer of some children to Missouri Schools for the Severely Disabled yielding approximately \$300,000.

The recommendations for potential increased revenues include:

1. Pursuit of expanded categories of Medicaid funding yielding approximately \$400,000.
2. Pursuit of local tax effort bill back authority yielding approximately \$400,000.

**PRESENTER(S):**

Dr. John Heskett and Heidi Atkins Lieberman, Assistant Commissioner, will participate in the presentation and discussion of this agenda item.

**Missouri School for the Blind and Missouri School for the Deaf  
Final Report of the Budget Review Task Force  
March 3, 2010**

Dr. Chris Nicastro, Commissioner of Education and Ms. Heidi Atkins Lieberman, Assistant Commissioner for the Division of Special Education convened a Budget Review Task Force to consider budget options for the Missouri School for the Blind (MSB) and the Missouri School for the Deaf (MSD). Given the severe fiscal issues faced by Missouri and projected stresses in the next fiscal year, the Commissioner charged the Task Force to:

1. Use findings of previous studies conducted for MSB and MSD to expedite and inform the work of the Task Force;
2. Make recommendations about changes or modifications to delivery models or other factors that would ensure quality educational services while providing significant cost savings; and,
3. Make recommendations for changes or additions to the law required by the recommendations.

The Task Force membership included the following individuals:

Denny Huff, President  
Missouri Council of the Blind

John Thompson  
Light House for the Blind

Gary Wunder, President  
National Federation of the Blind of Missouri

Donald Gerard, President  
MSB Board of Advisors

Eugene Edwards, Member  
MSB Board of Advisors

Dr. James Sucharski  
Former Superintendent, MSB

Mr. John Cary, Superintendent  
Special School District of St. Louis County

Dr. Kim Ratcliffe, Associate Executive Director  
Missouri School Boards Association

Dr. Diane Golden, Legislative Liaison  
Missouri Council of Administrators  
of Special Education

Mr. Tom Basteen, Assistant Superintendent  
MSD and Member of the Alumni Association

Ms. Kim Davis  
Missouri Commission for the Deaf

Ms. Barbara Garrison, Superintendent  
MSD

Ms. Patty Yocum, Superintendent  
MSB

Mr. James Gooch  
MSD Alumni Association President

Ms. Jennie Mascheck, Outreach Services  
MSB

Ms. Joy Waddell, Assistant Superintendent  
MSB

Ms. Marsha Bryant, Clinical Services  
MSB

Mr. Dale Carlson  
Division of Special Education

Dr. John Heskett, Facilitator

## **Background**

The work of the Task Force was facilitated by the previous work already completed by staff with the Division of Special Education. Based on previous studies commissioned by the Division both the MSB and the MSD had initiated work to strengthen the services available from the schools. These efforts included such enhancements as:

MSD -- Audiology services for students who are Deaf/HOH served in local school districts, services to support students with cochlear implants served in local school districts, and professional development and educational conferences regarding educational achievement for students who are Deaf/HOH.

MSB -- Professional development and training opportunities for educators for local school districts, enhancement of low vision assessment services for students who are Blind/VI served in public schools, initiation of the KEYS Program - a short term educational placement option at MSB for students who are Blind/VI to develop blindness skills such as orientation and mobility, Braille reading skills, etc. that have allowed students to remain enrolled in their home school but come to MSB for specialized services.

Division of Special Education -- Enhancement of local school district capacity to appropriately serve the special education needs of students with sensory impairments as evidenced by:

- a. Contracts with Missouri State University to provide free consultations to school districts regarding oral education methodology and cochlear implants;
- b. Grants to local school districts to support the formation of special education cooperatives to better serve the needs of students with sensory impairments;
- c. Sponsorship of summits/workshops to identify changes and improvements necessary to improve educational outcomes for children who are deaf/hard of hearing and subsequent training for local educators;
- d. Scholarships to support professional training of deaf educators and deaf interpreters, trainings for First Step providers regarding language development in infants and toddlers who are deaf, and online coursework in the area of deafness and reading.

Efforts such as these have contributed to an enhanced quality of special education services for children with sensory impairments who are educated in local school districts. Such efforts have increased the capacity of local school districts to appropriately serve children with sensory impairments and contribute to reductions in pupil populations in both schools. Enrollments at MSD have reduced from 121 students in 2004 to 103 students in 2009; and, enrollments at MSB have reduced from 105 in 2004 to 69 in 2009. During the same time periods, DESE data indicates that the total number of children identified in the Individuals with Disabilities Education Act (IDEA) Child Counts have remained relatively stable (deaf student count has reduced by 41 students statewide or about 2%) or seen an increase (blind student count has increased statewide by 67 student or a 14% increase).

In addition the Division and the leadership from MSB and MSD have undertaken study and action to reduce budgets and expenditures within the past five fiscal years. Examples of such effort include:

1. A study was undertaken to determine the feasibility of merging MSB and MSD as a part of the Missouri State Government Review Commission in 2005. Consideration was given to locate both schools at the MSD located in Fulton. The study determined there may be some administrative and maintenance costs savings, that the facilities at MSD were superior to those of MSB, and that the MSD campus was of sufficient size to accommodate both schools. The relative condition of residential and educational facilities at MSB in St. Louis precluded consideration of location of the programs on that campus. However, the savings were determined to be insufficient to offset the logistical problems in recruiting educational faculty and residential staff to maintain high quality programs in both schools, the relocation of the MSB to Fulton would create staffing concerns since most professional staff could find employment in the greater St. Louis area, and the relocation of the MSB to Fulton would compromise the educational opportunities to teach appropriate orientation and mobility skills. Further, such a move could actually increase the number of students in residential service because of the relatively high number of blind students who were then only day students at MSB.
2. Relocate the educational program for students who are deaf and blind served at the Multiple Disabilities Program at MSB and who are eligible for enrollment in the MSSD to the Gateway School for Students with Severe Disabilities located in St. Louis. However, to accommodate the educational program necessary for the students involved in the program, the MSSD operational budget would need to accommodate an expected increase of approximately \$270,000 to \$300,000 and the Gateway School would require physical modifications to accommodate the number of students and their curricular needs. Because of these needed increases, this option was rejected.
3. Because of reductions in enrollments at MSD, the Superintendent and leadership team recommended to the Division that Rice Hall be closed. Rice Hall included space for both residential and educational services. This closure realized approximately \$78,000 of savings.
4. The student reductions at MSD have resulted in staff reductions of approximately 15 positions in both residential and educational staff.
5. MSD requires that each staff member display a certain level of competency in American Sign Language (ASL). The school developed capacity to assess the ASL skills of each employee but found that contracting with an outside vendor would save approximately \$30,000. The change was made.
6. The MSD and MSB provide weekly transportation for their residential students to allow them to go home each weekend. Leadership from the schools worked to coordinate transportation routes and, where feasible, combined what were two separate weekly transportation systems.
7. The MSB has reduced staffing or froze positions by 12.93 FTE (16 people) in education and residential staff to increase efficiency and to account for reductions in student enrollments.
8. The Division undertook a national study through the National Association of State Directors of Special Education to identify those states that had recently closed a residential school for children with sensory impairments or merged them. Of the 30 states that responded, Oregon and Michigan reported they have closed their school for the blind, and North Dakota reported

shared administrative leadership over their two schools. Several of the states reported undertaking studies to determine the feasibility of closure or merger, but only three have taken any action at this time.

9. The Division and the Leadership Teams at MSB and MSD have managed reductions in state appropriations from FY 2005 to FY 2010. The DESE Budget request and appropriation by the General Assembly is aggregated to include funding for the MSB, MSD and the Missouri Schools for the Severely Disabled (MSSD) as "State Board Operated Schools". State records report an appropriation of \$44,946,310 in FY 2005 for State Operated Schools. Each subsequent year the state appropriation for the State Board Operated Schools has decreased and in FY 2010 they received an appropriation of \$43,304,739. This represents a 3.07% decrease in appropriation during this time period. A period in which state employees received pay increases in 4 of the 6 years.

### **Study by the Task Force**

The Budget Review Task Force conducted three meetings during the month of January and performed fiscal and programmatic analyses during the month of February to arrive at a set of recommendations for consideration by Commissioner Nicastro and Assistant Commissioner Atkins Lieberman. The recommendations are supported by additional study of regional and national trends in the education of students with sensory impairments.

Leadership associated with MSB and MSD conducted surveys of schools for blind and schools for deaf children in Kansas, Nebraska, Iowa, Illinois, Kentucky, Tennessee, and Arkansas. The survey solicited information regarding the numbers of students served at the schools, the number served through outreach services in cooperation with the local school district, whether tuition from the home school district supported student enrollment, and if the schools had initiated efforts to reduce costs via alteration of service delivery methods. The surveys reported some consistent findings. The number of students enrolled in the special purpose schools in most of the states has been declining. Several schools have developed "short term" placement options where students attend the special purpose school for certain weeks or months during the school year but who return to their home school district for most of the school year. These service options were evident only in schools for the blind. The number of students served through outreach educational services has increased in most states, but not as a result of an effort to reduce residential placements. The increase in outreach services was an outcome of efforts to meet the expectations of special education services provided in the least restrictive environment.

The author also consulted with leadership at the National Association of State Directors of Special Education (NASDSE) to determine if there are national efforts or trends to reduce the number of students with sensory impairments receiving their education in special purpose schools. NASDSE has a long standing and effective relationship with national associations associated the education of students who are blind or who are deaf. NASDSE has facilitated and/or participate in the development of "national agendas" to improve educational outcomes for children with sensory impairments for the past decade. NASDSE reported one study from the University of Oregon that supported the educational efficacy of closing special purpose schools for students who are blind. On the basis of that report and

other study, the State of Oregon did decide to close their State School for the Blind. NASDSE had no other data or reports from states throughout the country that outlined efforts to downsize special purpose schools for students with sensory impairments.

### **Options Considered but Not Supported**

The Task force considered options that are not recommended; however, they are included in this report to provide the reader with an understanding of the depth of the considerations.

First was an option to eliminate residential services for students at the School for the Blind and the School for the Deaf. The fiscal savings in these options are considerable - MSD \$3,478,840 and MSB \$2,043,700 - however, the educational impact of these decisions was not acceptable. Students currently enrolled at the schools are placed by virtue of an IEP that defines the special education services and related services needed to provide an appropriate special education program. The variety of such services needed by the students is generally not available in the quantity or quality available at MSB and MSD. A question could be raised with respect to those students enrolled who come from school districts with substantial programs for children with sensory impairments - - such as Special School District, Blue Springs, Springfield, etc. However, the cultural dimension of the educational programs, particularly the cultural considerations for students who are deaf, and the parental desires for placement at the MSB and MSD argue against the elimination of the residential services.

A second option considered was geographic relocation of residential and educational services for students served at MSB and MSD. Locating programs in three or four locations throughout the state would have the benefit of locating the services closer to the child's home and a closer relationship with the home school districts. However, financing such a move did not prove possible. The Task Force had discussions with staff from MoHealthNet to determine the feasibility of accessing federal Medicaid dollars to support the relocation of services and treatment under the auspices of a Section 1915 Medicaid Waiver – Home and Community Based Waiver. However, this funding source is predicated on the student's eligibility for Medicaid coverage and eligibility to be classified as "totally and permanently disabled". The State of Texas has developed such a waiver; however, the waiver applies only to students diagnosed as deaf/blind - students who are severely disabled. The population of students at MSB and MSD do not generally meet the severity requirements of this Medicaid program; therefore, this option was rejected when no other source of funding could be identified that would result in a cost savings for Missouri General Revenue.

### **Recommendations**

#### **Budget Reductions**

1. Transfer to the Missouri Schools for Students with Severe Disabilities (MSSD) responsibilities for special education services for children with multiple disabilities currently served at the MSB who are also eligible for services at the MSSD. Currently there are 14 children in this group, including seven who are also receiving residential services.

Historically, the MSB has offered a special education program for children who are deaf/blind and/or have multiple disabilities including blindness. These children were also eligible for services in the MSSD but were the responsibility of the MSB because of the combined sensory disabilities. They were able to receive both residential and educational services at the MSB. The number of students who have dual sensory disabilities has decreased in recent years and the students now served in this program have multiple disabilities including blindness, but generally are not deaf/blind. In recent years, the MSB has revised its eligibility criteria and no longer accepts students who have multiple disabilities and who are eligible for services from the MSSD. These students now receive special education services in the MSSD.

The students who remain at MSB's Deaf/Blind Multiple Disabilities program are domiciled in St. Louis and other communities throughout the state. By transferring these students to existing schools operated by the MSSD, the students will continue to receive appropriate special education and related services but will no longer receive residential services. Residential services have not been a part of the IEP and have not been considered to be necessary to meet the standard of a "free appropriate public education – FAPE". By transferring them to the MSSD, the children's parents will accept them back into their homes.

Transfer of responsibility will reduce MSB's budget needs by approximately \$433,416.00 in staffing costs. MSSD will incur additional costs in some schools based on special education, related services, and transportation costs. These are estimated to amount to \$125,000 – a net savings of \$308,416.

While Recommendation #1 is a logical recommendation based on fiscal analysis, the committee recommends implementation of this recommendation in FY2012, if possible. This program modification was considered in Spring, 2009. Parents of students who resided in the St. Louis area were asked to voluntarily accept the move of their student to the Gateway School. However they rejected the opportunity. Delayed implementation of Recommendation #1 would give the staff at MSB the opportunity to work with parents of the affected children to prepare them for the transition, provide the students' parents time to make arrangements that may be necessary for family assistance/respite care, and ensure MSSD staff are prepared to implement the IEPs for the students.

The committee recognizes the need for budgetary reductions in both FY 2011 and 2012. To address FY 2011, the committee recommends implementation of the Revenue Enhancement Recommendation #1 (Medicaid Expansion) for students at the Multiple Disabilities Program. Implementation of Recommendation #1 would provide additional revenues of approximately \$287,169.00 in FY 2011; provided the needed amendments to the Missouri Medicaid State Plan can be completed and approved within the necessary timeframe.

2. Make additional reductions in the operational budgets of the MSB and MSD.  
At MSD, the leadership team has identified approximately \$154,080.00 of additional reductions by way of eliminating one custodian, one behavior specialist, two resident assistants, one

teacher aide, elimination of the horticultural education program, and taking a 2% reduction to the Expense and Equipment budget.

At MSB, the leadership team has identified approximately \$274,444.00 additional reductions by way of eliminating 1.0 Student Life Director, 3.50 teachers, .80 teacher aide, 2.40 resident advisors, and .80 dormitory director.

The budget reductions at MSD and MSD will total \$428,524.00.

#### **Revenue Enhancements**

1. MSB and MSD currently participate in Medicaid Claiming for eligible students. They are able to make claims for speech therapy, physical therapy, and occupational therapy. Public schools in Missouri may only make Medicaid claims for these services because these are the only services allowed under the current Medicaid State Plan. Research completed by the Missouri School Boards Association revealed that other states have additional Medicaid eligible services for which local school districts may claim reimbursement for eligible students. The Missouri Medicaid State Plan should be amended to allow MSB, MSD and local school districts in Missouri to claim the following as additional Medicaid eligible services: Audiology, behavioral counseling, psychological counseling, autism rehabilitative services, developmental assessments, durable medical equipment, and school nursing services, school social work services, personal care attendants, orientation and mobility services, and transportation services.

MSB and MSD business staff have estimated the approximate income that could be realized if the State Plan were amended. The staff identified the expenses in each of the categories applicable to their programs, estimated Medicaid eligibility at 46.7% of their population (the state wide average of students eligible for free and reduced lunch services), and calculated a 60% federal participation for those costs. Based on these calculations, MSD estimated additional revenues of \$211,223.00 and MSB estimated \$260,656.00 for a total federal participation of \$471,879.

To realize this savings the Department of Elementary and Secondary Education and the Department of Social Services, Division of MoHealthNet must complete a revised Medicaid State Plan, submit it to the Center for Medicaid and Medicare Services (CMS), and receive approval. The submission and approval of the State Plan amendment could require 6 months to 18 months depending on the time required by the Centers for Medicare and Medicaid to conduct its review and grant approval.

2. Section 162.740 RSMo requires local school districts that refer students to the Missouri Schools for Students with Severe Disabilities to participate in the cost of providing services. Local school districts pay a prorated portion of their local tax effort to the DESE for services provided by the MSSD. There is no comparable requirement for students served by the MSB or MSD. Section 162.740 should be amended to:
  - a. Grant DESE authority to collect the local tax effort behind each student served by the MSB and MSD in a manner consistent with the current provisions made for MSSD; and,



- b. Create a revolving fund for the Division of Special Education and deposit all proceeds from the local tax effort billing into the revolving fund to be used for the support of MSSD, MSB and MSD.
  - c. Based on estimate of \$3500 as the average local tax effort for each child in Missouri, an enrollment of 169 students at MSB and MSD, and an Average Daily Attendance of 80% in MSB and MSD, this authority would generate approximately \$473,200.00 to support the education of students at the MSB and MSD.
  - d. Implementation of this recommendation will affect MSSD as well. The MSSD serves 1,006 students and collects approximately \$3,000,000 in local tax effort. Placed in the revolving fund, these funds would be available to support the education of students enrolled in MSSD.
3. Section 162.705 RSMo has been interpreted to deny authority of the MSB and MSD to receive contracts from other states to provide special education and related services for children with sensory impairments who are eligible for special education services in Missouri, except for the fact that the child is not a legal resident of the state. Before being denied the opportunity to do so, MSB and DESE contracted with school districts in Illinois and the Illinois Department of Education to provide special education services for Illinois students eligible for services from MSB. The Task Force recommends that DESE be given statutory authority to contract with out-of-state entities to provide special education services, as capacity at MSB and MSD allow. This change will allow the DESE to enter into contracts with adjoining states to provide special education services for out of state students at a contract price set by the DESE to recover the cost of education, plus an additional fee of some percentage (10% - 15%) to ensure that state funds are not utilized to provide special education services for out of state students.

### **Fiscal Summary**

The chart below provides a summary of the fund reductions and fund enhancements recommended by the Task Force:

	<b>Budget Reductions</b>	<b>NET SAVINGS</b>	
1	Transfer MD/DB students to MSSD	\$	308,416
2	New Operational Reductions (Staff, programs, etc)	\$	428,524
	Subtotal	\$	736,940
		\$	736,940

**Revenue Enhancements**

1	Expanded Medicaid State Plan (Requires State Plan Amendment)	\$ 471,879	
2	Billback for Local Tax Effort for MSB/MSD (Requires Statutory Change)	\$ 473,200	
3	Billback for Local Tax Effort for MSSD (Requires Statutory Change)	\$ 3,000,000	
	Subtotal	\$ 3,945,079	\$ 3,945,079
	NEW COSTS		
1	Contract costs to operate Expanded Medicaid Billing Program	\$ (100,000)	\$ (100,000)
	TOTAL CHANGE -- MSB/MSD ONLY		\$ 1,582,019
	TOTAL CHANGE -- MSB/MSD/MSSD COMBINED		\$ 4,582,019